



WEST MIDLANDS COMBINED AUTHORITY

Investment Board

Monday 30 October 2017 at 10.00 am

Minutes

Present

Councillor Izzi Seccombe (Chair)
Councillor Jim O'Boyle
Councillor Robert Hulland
Councillor Peter Richards
Nick Abell

Paul Brown

Gary Taylor

Warwickshire County Council
Coventry City Council
Solihull Metropolitan Borough Council
Non-Constituent Authorities
Coventry & Warwickshire Local
Enterprise Partnership
Black Country Local Enterprise
Partnership
Greater Birmingham & Solihull Local
Enterprise Partnership

In Attendance

Phil Edwards
Gerald Gannaway
Phil Hewitt
Katherine Kynaston
Sarah Middleton

Nick Oakley
Michael Ogden
Sean Pearce
Carl Craney

Telford and Wrekin Council
Finance Birmingham
Transport for West Midlands
Telford and Wrekin Council
Black Country Local Enterprise
Partnership
Finance Birmingham
Transport for West Midlands
West Midlands Combined Authority
West Midlands Combined Authority

Item Title No.

29. Chair's Announcement

The Chair, Cllr Mrs Izzi Seccombe, introduced Sean Pearce, WMCA Director of Finance to the Board. Sean Pearce outlined his career history and advised that he looked forward to working with Board Members.

30. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Majid Mahmood (Birmingham City Council), David Cockroft (Coventry City Council) and Roger Mendonca (Greater Birmingham and Solihull Local Enterprise Partnership).

31. Notification of Substitutes (if any)

No notifications of substitutes had been received.

32. Declarations of Interests (if any)

No declarations of interest were made relative to items under consideration at the meeting.

33. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 6 October 2017 were confirmed as a correct record and signed by the Chair.

34. Matters Arising

There were no matters arising from the minutes of the meeting held on 6 October 2017.

35. Approval for Entering into a Development Agreement for Curzon Street Tram Stop Interface with HS2 for the Birmingham Eastside Extension and underwriting costs of up to £18.5 million

Michael Ogden presented a report which sought authorisation for the West Midlands Combined Authority (WMCA) to underwrite the £18.5 million estimated maximum cost of additional utility works, design and management which would be incurred by HS2 in order to integrate the metro and stop at the Curzon Street HS2 station and to note that the Head of Governance had been granted delegated authority on 30 September 2016 to enter into the Development Agreement with Birmingham City Council (BCC) and HS2 Ltd. he explained that this placed certain obligations upon the WMCA including underwriting costs and for the parties to work together to seek to reduce such costs.

He advised that the initial estimated costs were likely to include some elements of double counting inasmuch as the original design for the Curzon Street HS2 station would require some parts of the utility works addition of the metro and stop would not be responsible for all of the additional costs. Furthermore, it was anticipated that the costs could be reduced through value engineering works and some of the works being carried out by the Midland Metro alliance (MMA). He explained that the costs and scope of the works would be refined early in the New Year.

The Board sought assurances that the WMCA was not being required to underwrite costs which were attributable to the HS2 element of the scheme. Michael Ogden advised that the costs were being disaggregated by the Utilities Working Group comprised of Officers and consultants from WMCA / MMA / BCC / HS2. The Board required this to form part of its formal decision. Councillor Robert Hulland stressed that the WMCA / BCC should only be required to be responsible for any additional expenditure nor any duplicated costs. The Chair suggested that an Agreement be sought with the HS2 Board to this effect. Michael Ogden advised that these matters were included within the Heads of Terms. Sean Pearce suggested a form of words that could be included in the resolution of this Board were it minded to approve the proposals.

Nick Abell queried the identity of those representing the WMCA / BCC in the negotiations with HS2 Ltd. Michael Ogden responded accordingly. Nick Abell commented on the references in the report to exceeding the £18.5 million

sum for underwriting the costs, subject to the approval of this Board at some point in the future and questioned whether this actually amounted to a capped limit on expenditure given that a commitment to the schemes would have been made by that point in time and the WMCA would have some responsibility for costs incurred. Sean Pearce explained the financial projections, the governance arrangements and that the total costs of the schemes were not known at this time. He suggested that the decision of the Board could take account of these issues. Phil Hewitt advised that it would be necessary for this Board to receive and consider a further report on this scheme in approximately 12 / 18 months' time in any event when final costs were known.

Councillor Robert Hulland referred to the comments now made and queried whether it was actually necessary for the decisions now under consideration to be taken at this stage in the scheme. Phil Hewitt explained that these considerations provided 'Risk Provision' and that it was necessary for the Development Agreement to proceed.

Resolved:

1. That the WMCA Board approval of 30 September 2016 be noted;
2. That the Assurances in place relating to the integration of the metro stop at Curzon Street be noted;
3. That the sift process undertaken in 2016 leading to the selection of Option 4 and the production by HS2 Ltd of an estimated £27.5 million (worst case scenario) of additional works required comprised of £18.5 million utility diversions and £9 million station and urban realm works be noted;
4. That HS2 is required to proceed through governance with relation to the interface costs and scope in order to reflect this in the procurement of the design of the station and that this necessitated the WMCA and BCC to commit to underwriting the costs identified in Option 4 at this stage;
5. That the underwriting of the maximum £18.5 million for additional utility diversions arising as a result of the tram stop integration and not included previously in the HS2 Business Case be authorised;
6. That subject to 5. above, the grant of delegated authority to the Head of Governance to enter into and execute the Development Agreement in accordance with the powers delegated by the WMCA Board on 30 September 2016 be noted.

36. Midland Metro - Wednesbury - Brierley Hill Extension - Change to capital profile

Phil Hewitt presented a report which outlined opportunities to accelerate the Wednesbury – Brierley Hill Metro Extension project into Dudley Town Centre by approximately four months. He advised that a further report would be submitted in due course with regard to further acceleration of the project. He drew to the attention of the Board that the purpose of the report was not to seek additional funds but to re-profile the current budget.

Councillor Robert Hulland referred to paragraph 2.15 of the report insofar as it referred to a contribution towards the costs of the scheme being sought from Intu, the owner of the Merry Hill Shopping Centre and enquired whether

this was likely to be forthcoming. Phil Hewitt explained that this would be the subject of commercial negotiations between the two parties.

Resolved:

1. That progress on the business case and funding on the Wednesbury to Brierley Hill Metro Extension project since the report to the WMCA Board on 21 April 2017 be noted;
2. That the bringing forward of £1.6 million of capital expenditure into 2017/18, to maintain and accelerate progress on development and implementation of this important project, funding as detailed in the report, be approved.

37. Exclusion of the Public and Press

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (Including the authority holding that information).

38. Telford and Wrekin Council - Unlocking Housing Sites

Gerald Gannaway presented a report which sought approval to the grant of £3,690,000 of Brownfield Land and Property Remediation Fund (BLPDF) monies to target the bringing forward of 540 housing units across a variety of sites within the Telford and Wrekin Council area at a maximum intervention of £7,000 per unit. The report detailed the mechanism for the management of this sub fund.

In response to a query from Councillor Robert Hulland, Katherine Kynaston advised on the current planning position with the respective sites and on the types of development and tenures which would exist.

Resolved:

That the grant of £3,690,000 of Brownfield Land and Property Remediation Fund (BLPDF) monies to target the bringing forward of 540 housing units across a variety of sites within the Telford and Wrekin Council area at a maximum intervention of £10,000 per unit together with the mechanism for the management of the sub fund, as detailed in the report, be approved.

39. WMCA CIF / BLPDF Dashboard

Nick Oakley presented the CIF / BLPDF Dashboard as at 18 October 2017 which detailed:

- WMCA CIF / BLPDF – Investments committed and completed funds;
- WMCA CIF / BLPDF – Dashboard of deal values and totals diagrams; and
- WMCA CIF “Loan Fund” / BLPDF – Pipeline – WIP.

He responded to a question from Councillor Jim O’Boyle in relation to a particular scheme.

Resolved:

That the Dashboard be received and noted.

40. Receipts of Gifts and Hospitality on WMCA Business

Gary Taylor referred to the circulation recently of the WMCA policy in relation to the acceptance of gifts and hospitality whilst undertaking WMCA business and enquired whether this applied to all matters carried out during his business activities. Carl Craney clarified that this policy applied only whilst members were carrying out duties related to WMCA membership i.e. as members of the Investment Board in this particular example. Nick Abell commented that the requirement to declare gifts and hospitality whilst on WMCA business was not dissimilar to the requirements under the Bribery Act which applied to private sector businesses.

The meeting ended at Time Not Specified.